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## United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP  
WASHINGTON, DC 20510-6350

May 3, 2002

VIA FACSIMILE: (202)

ORIGINAL BY U.S. MAIL

The Honorable Ann M. Veneman  
Secretary

U.S. Department of Agriculture  
1400 Independence Avenue, S.W.  
Washington, D.C. 20024

Dear Madame Secretary:

On March 18 in Missouri President Bush laid out his agenda for assisting small businesses and improving their relationship with the Federal government. You may have seen coverage of this when he presented it the next day at the Women Entrepreneurship in the 21<sup>st</sup> Century Conference, held here in Washington. As Ranking Member of the Committee on Small Business and Entrepreneurship, I call your attention to one of the President's directives.

The President is determined to reduce the regulatory burdens on small businesses, and as part of this goal, he was unequivocal in stating his expectation that agencies and departments to adhere to the requirements of the Regulatory Flexibility Act as amended by the Small Business Regulatory Flexibility Act (SBREFA). As the author of SBREFA, I frequently refer to it as the Red Tape Reduction Act because that was the intent behind it when it passed the Senate unanimously six years ago in March 1996.

As the President explained to the Conference: "There are a lot of federal regulations that complicate the lives of small business people all across the country. The SBA has calculated that the hidden costs of regulations to businesses with fewer than 20 workers [are] \$7,000 per worker. That's a lot of money, particularly if you're trying to figure out ways to expand your employment base....Every agency is required to analyze the impact of new regulations on small businesses before issuing them. The problem is...the regulators don't care that the law is on the books. From this day forward, they will care that the law is on the books. Mitch Daniels, who heads the Office of Management and Budget, will not accept regulations that do not calculate the cost on American small businesses. We want to enforce the law. It is a good law to have a cost benefit analysis of any regulation on small business. If regulations provide a hidden cost on small businesses, which provide a drag on our economy, and if we're trying to stimulate our economy, one way to do so is to enforce the law which says that we will not have costly regulations on small businesses in America. And that's what we're going to do."

The President also indicated that he intends to strengthen the SBA Office of Advocacy through an Executive Order which will give the Chief Counsel of Advocacy the power to compel agencies to explain in writing why they did not conduct the small business analysis called for under the Regulatory Flexibility Act.

To be effective, this Executive Order must be as clear and strongly worded as possible. There are many issues surrounding SBREFA which can be clarified by this Executive Order. Since it must undergo a thorough review by the various departments, I urge you and your staff to support language which will clearly establish the President's commitment to reducing regulatory burden on small businesses and agency compliance with SBREFA. It is imperative that regulations not impose unnecessary burdens on small businesses. The President's support merely adds weight to what I have been seeking since the enactment of the Red Tape Reduction Act: fair treatment for small businesses in the regulatory process

If you or your staff have any questions about what is required, please contact Marc Freedman or Emilia DiSanto of my staff at 224- , or the SBA Office of Advocacy at 205-

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Bond", written in a cursive style.

Christopher S. Bond  
Ranking Member